



COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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GAIL FARBER, Director

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

June 15, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#49 JUNE 15, 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 29, MALIBU
ADOPT RESOLUTION FOR SAFE DRINKING WATER STATE REVOLVING FUND PROGRAM
FUNDING AGREEMENT WITH THE STATE OF CALIFORNIA DEPARTMENT OF PUBLIC
HEALTH TO OBTAIN A LOAN OF \$3,410,400
FOR THE SEPULVEDA FEEDER INTERCONNECTION PROJECT
(SUPERVISORIAL DISTRICT 3)
(3 VOTES)**

SUBJECT

This action is to adopt the modified resolution authorizing the Director of Public Works or her designee to sign the Safe Drinking Water State Revolving Fund Agreement with the State of California Department of Public Health for a loan of \$3,410,400 for the Sepulveda Feeder Interconnection project.

IT IS RECOMMENDED THAT YOUR BOARD ACTING AS THE GOVERNING BODY OF THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 29, MALIBU

Adopt the modified resolution authorizing the Director of Public Works or her designee to:

- Designate revenue from the Los Angeles County Waterworks District No. 29, Malibu, Accumulative Capital Outlay Fund, surcharge collected for capital improvements, as the dedicated source of revenue to repay the Safe Drinking Water State Revolving Fund loan for the Sepulveda Feeder Interconnection project (Project No. Y5292212).
- Sign the Safe Drinking Water State Revolving Fund Agreement to obtain the loan and any amendments thereto, approve the Claims for Reimbursement, sign the Budget and Expenditure Summary, and sign the Final Release form as required for the Safe Drinking Water State Revolving

Fund program.

- Certify that the project is complete and ready for final inspection at the conclusion of construction.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to authorize the Department of Public Works (Public Works) to sign the Safe Drinking Water State Revolving Fund (SRF) Agreement with the State of California Department of Public Health (CDPH) and designate a dedicated source of revenue in order to obtain and repay a loan in the amount of \$3,410,400 for the Sepulveda Feeder Interconnection project needed to supply water to Los Angeles County Waterworks District No. 29, Malibu (District).

Implementation of Strategic Plan Goals

The County Strategic Plan directs the provision of Operational Effectiveness (Goal 1) and Community and Municipal Services (Goal 3). The project supports these goals by providing enhanced reliability of water supply and delivery to District customers, improving their quality of life.

FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund.

Based on the amount of water usage for the past six years, the District's Accumulative Capital Outlay (ACO) Fund (N33) will collect an annual minimum of \$1,900,000 in capital improvement surcharges over the next 20 years. Approximately \$214,000 of the surcharge collected for the ACO Fund will be set aside annually for the purpose of repayment of the amortized loan. As required by the CDPH, Project No. Y5292212 has been set up within the District's ACO Fund to establish accountability for project expenditures, loan receipts, and loan and interest repayments.

Once the project construction contract is awarded and as expenditures are incurred for the Sepulveda Feeder Interconnection project, the District will begin drawing on the loan to reimburse the ongoing project costs until the project is completed. Interest accrued on loan funds received from the CDPH will be repaid semiannually during the construction period. Once the project is completed, the loan principal amount of \$3,410,400 will be repaid by the District over 20 years at a 2.2836 percent interest rate through semiannual payments currently estimated by CDPH at \$106,872.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Sepulveda Feeder Interconnection project entails the construction of 1,000 feet of 30-inch, high-pressure water main and appurtenant valves, meters, and vaults. The water main and appurtenances are needed to provide a new point of interconnection between the District's and the Metropolitan Water District of Southern California's water systems, which is needed to ensure higher constant pressure into the District's water system to meet domestic and fire-flow water demands at all times.

On November 16, 2004, your Board authorized Public Works to apply for loans from CDPH for funds appropriated under the SRF for the purpose of funding water system infrastructure projects on behalf of the District.

On September 20, 2007, the CDPH issued a Notice of Acceptance of Application to the District committing \$5,350,000 from the SRF for the Sepulveda Feeder Interconnection project.

On October 22, 2008, your Board adopted a substantially similar resolution to designate revenues for loan repayment and authorize approval of funding agreement for the amount of \$5,350,000. However, CDPH subsequently requested modification of the resolution to specifically designate the ACO Fund as a dedicated source of revenue to repay the loan. The project cost was reduced to \$3,410,400 based on CDPH-approved construction drawings and specifications. Adopting the enclosed resolution is required by CDPH to award a lower loan amount.

The enclosed resolution has been approved as to form by County Counsel. The District, formed pursuant to Division 16 of the California Water Code, has the legal authority to enter into a loan contract with the CDPH per §55339 of the California Water Code.

ENVIRONMENTAL DOCUMENTATION

On July 21, 2005, a Notice of Exemption was filed with the Registrar-Recorder/County Clerk for the Sepulveda Feeder Interconnection project, and no challenges were filed.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The resolution and authorizations will enable the District to construct water system facilities cost effectively to enhance the reliability of water service to its customers.

CONCLUSION

Please return two adopted copies of this letter and one signed original of the resolution to the Department of Public Works, Waterworks Division.

Respectfully submitted,



GAIL FARBER
Director

GF:AA:dvt

Enclosures

c: Chief Executive Office
County Counsel
Executive Office

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES, CALIFORNIA, ACTING AS THE GOVERNING BODY OF THE
LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 29, MALIBU,
AUTHORIZING THE DIRECTOR OF PUBLIC WORKS OR HER DESIGNEE TO SIGN
FUNDING AGREEMENT AND AMENDMENTS FOR FUNDING UNDER THE SAFE
DRINKING WATER STATE REVOLVING FUND; TO APPROVE CLAIMS FOR
REIMBURSEMENT; TO EXECUTE BUDGET EXPENDITURE SUMMARY; TO SIGN
THE CONTRACTOR'S RELEASE FORM; AND THE CERTIFICATION OF PROJECT
COMPLETION; AND DEDICATING REVENUES FROM THE WATERWORKS
DISTRICT NO. 29, MALIBU, SURCHARGE ALLOCATED TO CAPITAL
IMPROVEMENTS AS THE DEDICATED SOURCE OF REVENUE TO
REPAY SAID LOAN**

WHEREAS, on December 30, 2004, the Los Angeles County Waterworks District No. 29, Malibu, made application to the California Department of Public Health for a loan of Six Million Three Hundred Fifty-four Thousand Eight Hundred and 00/100 Dollars (\$6,354,800.00) under the Safe Drinking Water State Revolving Fund; and

WHEREAS, on September 20, 2007, the California Department of Public Health issued a Notice of Acceptance of Application to said District committing Five Million Three Hundred Fifty Thousand and 00/100 Dollars (\$5,350,000.00) from the Safe Drinking Water State Revolving Fund for the Sepulveda Feeder Interconnection project (Project No. 1910204-020);

WHEREAS, on May 18, 2006, the Los Angeles County Waterworks District No. 29, Malibu, submitted a project budget totaling Five Million Three Hundred Fifty Thousand and 00/100 Dollars (\$5,350,000.00); and

WHEREAS, on September 20, 2007, the California Department of Public Health, through its Agent, the California Department of Water Resources, committed funding in the amount of Five Million Three Hundred Fifty Thousand (\$5,350,000.00) under the Safe Drinking Water State Revolving Fund program; and

WHEREAS, on April 15, 2010, the California Department of Public Health, submitted a draft funding agreement for the amount of Three Million Four Hundred Ten Thousand Four Hundred and 00/100 Dollars (\$3,410,400.00), reflecting the reduced estimated project cost after design completion; and

WHEREAS, the Funding Agreement under the Safe Drinking Water State Revolving Fund will provide for a twenty (20)-year repayment period at a 2.2836 percent interest rate; and

WHEREAS, prior to the California Department of Public Health issuing said Funding Agreement, said Board of Supervisors is required to pass a resolution formally establishing a dedicated source of revenue to repay said loan, authorizing an officer to execute said Funding Agreement and amendments, designating a person to approve claims for reimbursement, designating a person (registered engineer) to sign the Budget

and Expenditure Summary, designating a person (registered engineer) to sign Certification of Project Completion, and designating a person to sign the Contractor's Release form.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, that the Director of Public Works or her designee is hereby authorized to sign the Safe Drinking Water State Revolving Fund program Funding Agreement and any amendments thereto, and

BE IT FURTHER RESOLVED AND ORDERED, that the Director of Public Works or her designee, is hereby authorized to approve Claims for Reimbursement under the Safe Drinking Water State Revolving Fund program; and

BE IT FURTHER RESOLVED AND ORDERED, that the Director of Public Works or her designee, is hereby authorized to execute the Budget and Expenditure Summary for the Safe Drinking Water State Revolving Fund program; and

BE IT FURTHER RESOLVED AND ORDERED, that the Director of Public Works or her designee, is hereby authorized to sign the Contractor's Release Form for the Safe Drinking Water State Revolving Fund program; and

BE IT FURTHER RESOLVED AND ORDERED, that the Director of Public Works or her designee, is hereby authorized to certify that the project is complete and ready for final inspection; and

BE IT FURTHER RESOLVED AND ORDERED, that the Board of Supervisors does hereby designate, in an amount sufficient for repay the amortized loan, revenue from surcharges collected for the Los Angeles County Waterworks District No. 29, Malibu, Accumulative Capital Outlay Fund as the dedicated source of revenues to repay this Safe Drinking Water State Revolving Fund loan. This dedication shall remain in full force and effect until such loan is fully discharged, unless modification or change of such dedication is approved in writing by the California Department of Public Health. If for any reason, said source of revenue prove insufficient to satisfy the debt service of the Safe Drinking Water State Revolving Fund loan, sufficient funds shall be raised through increased water rates, user charges, or assessments or any other legal means available to meet this loan obligation and to operate and maintain this Project. Further, as required by the California Department of Public Health, Project No. Y5292212 has been set up within the Accumulative Capital Outlay Fund of the Los Angeles County Waterworks District No. 29, Malibu, to establish accountability for project expenditures, loan receipt, and repayment.

The foregoing Resolution was adopted on the 15 day of June, 2010, by the Board of Supervisors of the County of Los Angeles as the governing body of the Los Angeles County Waterworks District No. 29, Malibu.



SACHI A. HAMAI
Executive Officer of the
Board of Supervisors of the
County of Los Angeles

By

Deputy

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
County Counsel

By

Deputy